

## Message Text

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PAGE 01 TAIPEI 00653 040705Z  
ACTION EB-08

INFO OCT-01 EA-07 ISO-00 COME-00 INT-05 JUSE-00 /021 W  
-----040751Z 052717 /17

R 040645Z FEB 77  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC 2488

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E.O. 11652: N/A

TAGS: EIND, EINV, TW

SUBJECT: PROTECTION OF INDUSTRIAL PROPERTY RIGHTS IN TAIWAN

REF: 76 STATE A-5832, STATE 22308

1. TRADEMARK INFRINGEMENT AND PIRACY PROBLEM ENCOUNTERED BY EATON CORPORATION IS NOT UNIQUE. EMBASSY CURRENTLY IS CONCERNED WITH SIMILAR PROBLEMS INVOLVING LEVI AND WRANGLER JEANS, A.T. CROSS AND PARKER PENS, TWO RECORD COMPANIES, TWO BOOK COMPANIES AND SEVERAL MANUFACTURERS OF COSMETICS. IN ALL CASES EMBASSY HAS MET WITH REPRESENTATIVES OF COMPLAINANTS AND HAS INTERCEDED ON THEIR BEHALF WITH HIGHEST LEVELS OF GROC, INCLUDING MINISTERS OF ECONOMIC AFFAIRS, INTERIOR AND JUSTICE, AND WITH DIRECTOR OF NATIONAL POLICE ADMINISTRATION.

2. EMBASSY EFFORTS SO FAR HAVE NOT BEEN CROWNED WITH SUCCESS. THIS DOES NOT MEAN THAT GROC IS NOT IMPRESSED WITH SERIOUSNESS OF PROBLEM. ONE OF ANNOUNCED OBJECTIVES IN CURRENT GROC SIX-YEAR DEVELOPMENT PLAN IS ELIMINATION OF PATENT AND TRADEMARK INFRINGEMENT, AND OFFICIALS WITH WHOM EMBASSY HAS TALKED HAVE, WITHOUT EXCEPTION, PROMISED TO TAKE APPROPRIATE MEASURES TO ENSURE THAT THAT OBJECTIVE IS REALIZED.

3. GROC DILATORINESS IS ATTRIBUTABLE TO SEVERAL FACTORS:  
A.) ACCORDING TO THE DIRECTOR OF THE NATIONAL POLICE ADMINIS-

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TRATION, HE LACKS THE STAFF TO INVESTIGATE EVERY REPORT OF INFRINGEMENT OR PIRACY. HE WILL ACT, THEREFORE, ONLY ON THE BASIS OF CONCLUSIVE EVIDENCE PROVIDED BY A COMPLAINANT THAT INFRINGEMENT OR PIRACY HAS OCCURRED. IN ONE CASE INVOLVING THE FRAUDULENT MANUFACTURE OF COSMETICS, THE COMPLAINANT SPENT THOUSANDS OF DOLLARS AND UNTOLD MAN HOURS IN OBTAINING EVIDENCE WHICH THE POLICE WOULD ACCEPT AS CONCLUSIVE ENOUGH TO WARRANT

RAIDING A FACTORY, IMPOUNDING ITS CONTENTS AND PROSECUTING ITS OWNERS. THE DIRECTOR HAS STATED THAT HE HAS REQUESTED FUNDS FROM THE MINISTRY OF INTERIOR TO ESTABLISH A SPECIAL UNIT IN THE NATIONAL POLICE TO DEAL EXCLUSIVELY WITH THE PROBLEM. THE MINISTER OF INTERIOR HAS INFORMED THE EMBASSY THAT FUNDS FOR THE UNIT WILL BE INCLUDED IN THE FY-1978 BUDGET.

B.) ROC COURTS CLASSIFY CASES OF PATENT INFRINGEMENT AND PIRACY AS MISDEMEANORS. PRISON SENTENCES ARE RARELY IMPOSED AND, AS POINTED OUT BY NEWELL OF EATON, FINES LEVIED ARE TOO SMALL TO DETER OTHERS FROM ENGAGING IN SIMILAR PRACTICES. EMBASSY HAS DISCUSSED SUBJECT WITH MINISTRY OF JUSTICE, WHICH HAS AGREED TO CONSIDER CHANGES IN CRIMINAL CODE IN ORDER TO PROVIDE STIFFER PENALTIES FOR THOSE CONVICTED OF "COMMERCIAL CRIMES".

C.) MINISTRY OF ECONOMIC AFFAIRS HAS NO WAY OF POLICING THE THOUSANDS OF FACTORIES IN TAIWAN. THE BUREAU OF COMMODITY INSPECTION AND QUARANTINE IS CONCERNED PRIMARILY WITH ENSURING THAT PRODUCTS MANUFACTURED IN THE ROC EITHER FOR EXPORT OR FOR DOMESTIC CONSUMPTION MEET THE QUALITY STANDARDS SPECIFIED IN ROC LAWS AND REGULATIONS. IT RELIES HEAVILY ON INDUSTRY ASSOCIATIONS TO CONTROL THE ACTIVITIES OF THEIR MEMBERS. ITS INSPECTORS DO SPOT-CHECK EXPORTS AND PRODUCTS SOLD DOMESTICALLY BUT ONLY FOR QUALITY, NOT FOR AUTHENTICITY.

D.) INSPECTORATE-GENERAL OF CUSTOMS IN MINISTRY OF FINANCE IS, LIKE COUNTERPARTS IN MOST COUNTRIES, MORE CONCERNED WITH CONTROL OF IMPORTS THAN CONTROL OF EXPORTS. IF EXPORT DOCUMENTS APPEAR TO BE IN ORDER, AND OBVIOUSLY AN UNSCRUPULOUS EXPORTER WILL MAKE SURE THAT THEY ARE, SHIPMENTS ARE RARELY INSPECTED.

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4. TO SUM UP, GROC IS AWARE OF AND CONCERNED ABOUT PROBLEM OF TRADEMARK INFRINGEMENT AND PIRACY AND APPEARS TO BE DETERMINED TO DO SOMETHING ABOUT IT. EMBASSY WILL CONTINUE TO URGE PROMPT AND EFFECTIVE ACTION AND WILL ASSIST COMPLAINANTS TO THE MAXIMUM EXTENT POSSIBLE.

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## Message Attributes

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